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***Ex Parte* Presentation of
T-Mobile USA, Inc.**

**CG Docket No. 04-208
WT Docket No. 05-194
CC Docket No. 98-170**

Get more from life®

T-Mobile's Award Winning Customer Service



"Highest Ranked Wireless Carrier in Sales Performance"



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"Highest Ranked Wireless Carrier in Sales Performance"

- For two years running, T-Mobile has been ranked **No.1 in Customer Satisfaction** among all wireless carriers by J.D. Power and Associates.
- T-Mobile scored especially well for answering customer calls promptly and resolving customer issues on the first call.
- Other wireless carriers are actively seeking to displace T-Mobile's number one ranking.

What Relevance Do the JD Power Awards Have to Truth-in-Billing and Early Termination Fees?

- **Competition drives customer service.**
- **Success in the marketplace depends on customer satisfaction.**
- **T-Mobile's J.D. Power awards are the result of a focused business strategy.**
- **Wireless carriers do not need governmental regulations to provide detailed upfront disclosures, straightforward bills, and other services useful to consumers:**
 - One year contracts for new customers.
 - Attractive pre-paid calling plans.



Consumer Regulation Is Unnecessary

There Is No Market Failure

- Groups advocating increased wireless regulation have presented no evidence of market failure.
- The wireless billing complaint rate (2004) was 0.01% -- 182 million wireless subscribers and only 18,000 FCC complaints.
- National Consumers League reports 90% of wireless subscribers are satisfied with service and 75% feel that they are getting good value.
- Prices for wireless service have decreased as customer usage and services offered have expanded.
 - There are now more wireless subscribers than local exchange lines.
 - In 2004, wireless minutes of use exceeded one trillion for the first time ever.

Voluntary Industry Actions

CTIA Code

- **CTIA Code was developed “to facilitate the provision of accurate information between consumers and wireless service providers.”**
- **Requires accurate descriptions of charges on bills; separation of charges retained by carriers from taxes and fees remitted to government; penalty-free cancellation period; and POS disclosures of material rates, terms, and conditions.**
- **Wireless carriers have made significant changes to their systems to implement Code’s requirements.**

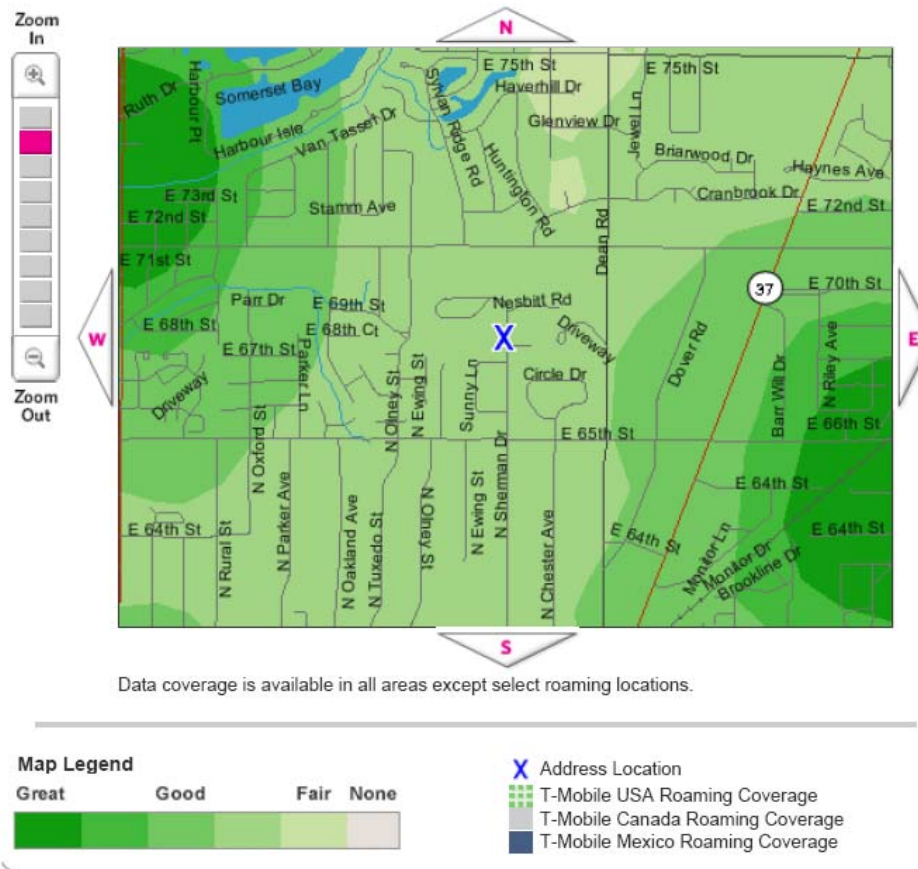
Voluntary Industry Actions

T-Mobile's Personal Coverage Check

- T-Mobile takes disclosure seriously, offering potential customers their own Personal Coverage Check.



- Customers can determine whether coverage is adequate *before they buy*.





State-by-State Billing Regulation Is Harmful to Consumers

- **Congressional recognition that wireless services “operate without regard to state lines” cannot be reconciled with state rules on bill formatting, font size, trial periods, and mapping methodology.**
- **State-by-state micromanagement is expensive for consumers.**
 - **Wireless carriers have to change systems and processes nationally to accommodate state rules.**
 - **Just two differing state regimes would require huge expenditures.**
- **Detailed state standards prevent carriers from differentiating themselves.**
 - **Particularly harmful to T-Mobile, which attracts and retains customers with excellent customer service.**
 - **Each consumer should be able to decide what service feature is most important.**

States Are Racing To Regulate Wireless Services

Some Examples:

- MA Senate considering “Cellular Bill of Rights” that includes billing and disclosure requirements.
- LA PSC Staff have proposed applying wireline billing and disclosure rules to CMRS carriers.
- CA PUC adopted a consumer “Bill of Rights” that would have regulated virtually every aspect of wireless carrier relationship with customers (now considering alternative regime).
- Despite FCC’s recent preemption action, other states continue attempts to regulate wireless carriers’ billing line items
 - Existing or pending rules in NY, OH, VT, KY, and GA

The Commission Should Exercise its Conflict Preemption Authority

- **1994 *Second CMRS Report* confirms FCC's conflict preemption authority:**
 - “[I]f [the Commission] determine[s] that a State’s regulation of other terms and conditions of jurisdictionally mixed services thwarts or impedes [the Commission’s] federal policy of creating regulatory symmetry, [the Commission] would have authority under *Louisiana PSC* to preempt such regulation.”
- **State regulation is contrary to Congress’s intent that the wireless regulatory regime rely primarily on market forces.**
- **State regulation of wireless carriers is unnecessary to protect consumers.**

State Enforcement of FCC TIB Rules is Impractical and Unwise

- **Allows state commissions to come to their own potentially differing legal conclusions about the permissibility of carrier actions.**
- **Unlike slamming regime, TIB rules are general guidelines -- one state may have vastly different interpretation of “misleading” than another.**
- **Each state commission would be able to create its own regulatory regime through disparate enforcement decisions.**
- **Could be unauthorized delegation to states.**

Early Termination Fees Are Rates

- **Wireless rate plans consist of numerous elements -- activation fees, monthly access, special features, local and long distance airtime, roaming charges, and early termination.**
- **Together, these fees constitute the “price” charged for, and recover the costs of providing, wireless service.**
- **For term plans, the consumer agrees either to pay the monthly rate for the term or an ETF -- both are rates.**
- **Absent an ETF, there is no practical difference between a term plan and month-to-month service.**



Consumers Benefit From ETFs

- **Wireless carriers offer pricing choices: term plans with discounted or free handsets and buckets of minutes, no-term plans, post-paid plans, and prepaid plans.**
- **Vast majority of consumers opt for term plans with ETFs.**
- **Most providers of goods and services require full upfront payment; in contrast, ETFs allow consumers to spread cost of service across many months.**
 - ***E.g.*, Consumers Union online magazine subscribers pay upfront for full term and get no refunds if they cancel or only use subscription for part of term.**

State Regulation of ETFs Is Preempted Rate Regulation

- **Section 332(c)(3) bars state regulation of wireless rates.**
- **Regulation of ETFs -- including the amount charged and the conditions under which they may be imposed -- is rate regulation, not regulation of the “other terms and conditions” of wireless service.**
- **State-by-state rate regulation would have a chilling effect on network deployment, raise the cost of services, and divert funds that could be used to create additional products and services.**